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OLC #78-0289/2
8 March 1978

MEMORANDUM FOR: Deputy Director of Central Intelligence

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FROM:

[REDACTED]
Acting Legislative Counsel

SUBJECT:

Presentation of CIA Budget to the House
Permanent Select Committee on Intelligence

1. Action Requested: Approval of the attached list of witnesses and attendees. This memorandum also contains some information about this hearing.

2. Background: You are scheduled to appear before the Program and Budget Authorization Subcommittee of the House Permanent Select Committee on Intelligence to present the FY 1979 CIA budget. The Subcommittee has scheduled six hours, from 9:00 a.m. to 12:00 noon and from 1:30 p.m. to 4:30 p.m., to hear this program, and they expect a full and forthright presentation.

3. This Committee is still in its first year of existence, and this will be the first time in history that the House will enact a bill to authorize appropriations for intelligence functions.

4. Chairman Bill D. Burlison (D., Mo.), of the Subcommittee, is a conscientious and hard working Chairman. He is known to like structured hearings that are well planned and move along according to plan. Your presentation has been designed to meet the kind of standards Chairman Burlison sets. You should plan to have the four Deputies accompany you and give their own presentations as they did before the Senate Select Committee on Intelligence.

5. The Subcommittee consists of Chairman Burlison, and Representatives Norman Mineta (D., Calif.) and J. Kenneth Robinson (R., Va.). Committee Chairman Edward P. Boland (D., Mass.) often attends Subcommittee hearings as do Representatives Charles Rose (D., N. Car.) and Romano Mazzoli (D., Ky.). So far, Chairman Burlison has had Congressmen Mineta and Robinson at every session.

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6. You can expect to get lots of questions from these gentlemen. Chairman Burlison and Congressman Robinson are also members of the Defense Subcommittee of the House Appropriations Committee which oversees intelligence functions. They therefore have some previous background with CIA and other intelligence programs. Congressman Mineta is getting this for the first time. But all three tend to be questioners and Chairman Burlison insists on taking the time necessary to get down to the roots of anything troublesome or unclear. Chairman Burlison is fair and tough. Congressman Robinson is friendly and tough. Congressman Mineta is inquisitive. They have had a budget briefing on Agency functions from Jim Taylor, [redacted] and John McMahon. That session went very well.

7. You should expect Chairman Burlison to ask you to tell him how the budget decisions were made by the Executive Branch and whether the Agency felt it got a fair shake. When Chairman Burlison put similar questions to Admiral Turner two weeks ago, the Admiral said he would be happy to discuss the pros and cons of budget issues but did not wish to get into Executive decisions. Chairman Burlison then raised Section 3-401 of Executive Order 12036 and asked if this did not require the Director to answer. The Director then read the introductory paragraph to the Chairman and continued to refuse further response. This was a slightly difficult note in an otherwise good session between them.

8. You can also expect Chairman Burlison to press harder than anyone so far on increases in the budget--both personnel and dollars. On SAFE, Congressman Rose and his staff man, Dick Giza, have seen the present model in action and think it is very good. Chairman Burlison may or may not know this. All of the Subcommittee members will be interested in covert action. We are attaching Chairman Burlison's overt note to the report of the Appropriations Committee on the FY 1978 Defense Appropriations Bill.

9. Recommendation: Recommend you approve the attached witness list.

SIGNED

[redacted]
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Attachments:

As stated

SIGNED

APPROVED:

Deputy Director of Central Intelligence

DISAPPROVED:

Deputy Director of Central Intelligence

DATE: 6 MAR 1978

Approved For Release 2004/05/21 : CIA-RDP81M00980R000700020039-1

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SEPARATE VIEWS OF THE HONORABLE BILL D. BURLISON

The CIA has a budget account termed "Reserve for Contingencies." Sources of this fund include appropriations, deobligations, merging and purging of unobligated balances, and reprogramming. It is seen that by this mechanism the Agency is equipped to carry out projects that have not been approved by the Congress (acting through its Subcommittees on Defense Appropriations on highly classified and sensitive matters). That is, anything the executive branch decides to do can be done with these funds. It is true that the Congress (through its Subcommittees on Defense Appropriations) must be given "notice." It has been ruled, however, that this properly can be given before or after the fact. Two prominent examples of projects carried on with this fund were the Laos war in Southeast Asia and the Angola War in Africa (before Congress found out and cut off the funds).

After last year's hearings the subcommittee chairman ordered the Surveys and Investigations staff to conduct an inquiry into the reserve. The investigation turned up two flagrant examples of how the Agency builds up the reserve through deception of Congress. The sums involved were \$16 million-plus and \$3 million-plus. The technique used was to withhold deobligations, purging of merged accounts, and transfer of unobligated balances until after congressional action was completed on appropriations. The rationale was that if the Congress knew these funds were available, appropriations would be cut in like amount. Note that these cited cases are documented in writing in CIA files that the S. & I. staff found.

It will be argued that if the Agency is deprived of this account, we could not react to emergencies. This argument is without validity. We have several supplemental appropriations bills each year. If this mechanism does not provide the necessary speed, then a reprogramming could be accomplished in a matter of hours. It is no secret that in our present appropriations process, CIA funds are concealed within the massive Department of Defense budget. In fact, the reserve has been increased on past occasions by just the methods mentioned, that is, supplementals and reprogramming.

All agencies of Government, except CIA, must expend their procurement appropriations within 3 years and R. & D. within 2. If the funds are not obligated within that timeframe they revert to the Treasury. The CIA, however, puts all such funds into its reserve. Obviously, this is a lucrative source of funds for the reserve. Money appropriated by Congress for a specific purpose can be (and is) thus diverted to whatever use the Executive chooses. Again, Congress need only be given "notice." Prior to our markup of the bill in the full committee, I announced that if my amendment to terminate the Reserve for Contingencies did not prevail, an amendment would be offered to subject lapsed funds of the CIA to the same treatment as those of all other

government agencies. The Chairman of the Committee, however, preempted this action by successfully offering the amendment himself prior to recognizing me for amendments. I of course supported the amendment and applaud the Chairman and the Committee for taking this important step. Illustrative of this importance is the fact that in recent years only about one-fourth of the Reserve has been generated by appropriations with the balance coming from deobligations and lapsed funds. In earlier years this breakdown was essentially reversed with appropriations providing the major portion of the fund. My basic amendment to eliminate the Reserve, however, was rejected by the Committee. This is unfortunate in view of the fact that the fund has now grown to about \$35 million.

It is a matter of public knowledge that the CIA has had a part in assassination plots involving numerous foreign government leaders. Several of those leaders met violent deaths. Fortunately, there is no credible evidence tying the CIA to any of these deaths. But the American people consider it shameful that an agency of our Government would think about killing foreign leaders in time of peace. President Carter and his CIA Director have pledged that there will be no future assassination plots or plans. President Ford did the same thing by Executive order. Yet, it ought to be a matter of law. My amendment to do just that was disapproved by the Full Committee.

Somewhat related to the above issue is the question of our Government, through the CIA, covertly making payments to foreign government leaders and leaders of political parties in such countries. I have long felt this to be a type of bribery that should not be tolerated by a free society. We strongly condemn the practice by our national and multinational corporations. We get very emotional when it is alleged that this crime is practiced on our own public officials by foreign governments. How can our Nation, as the showcase of democracy, justify the practice? These operations are counterproductive. Many of these cases are ultimately revealed. The negative impact from such revelations far outweigh any contributions of the programs.

BILL D. BURLISON.